



United States Department of the Interior  
NATIONAL PARK SERVICE  
INTERMOUNTAIN REGION  
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In Reply Refer to:  
C38 (IMDE-ACM)  
CC-GRCA###-07

SEP 27 2008

To: All Recipients of the Prospectus for Guided Colorado River Trips, Grand Canyon National Park, CC-GRCA###-07

ERRATA 3: Enclosed are the National Park Service's amendments and answers to questions about the Prospectus for Guided Colorado River Trips, Grand Canyon National Park, CC-GRCA###-07.

Attachment A - Amendments to the Prospectus and Responses to Questions (17) Submitted by Grand Canyon River Outfitters Association

Attachment B - Response to Question Submitted by Canyoneers, Inc. regarding Principal Selection Factor 1 and Secondary Selection Factor 1

Attachment C - Response to Question Submitted by Arizona River Runners, Inc. regarding Financial Statements

Attachment D - Response to Question Submitted by O.A.R.S. Grand Canyon, Inc. regarding Franchise Fees

Attachment E - Response to Question Submitted by O.A.R.S. Grand Canyon, Inc. regarding Principal Selection Factor 3, Average Annual Number of Transactions

Attachment F - Response to Question Submitted by Moki Mac River Expeditions, Inc. regarding Business Organization Forms

Attachment G - Response to Question Submitted by Canyoneers, Inc. regarding Principal Selection Factor 4, Proforma Income Statement, Franchise Fee Calculation

If you have any questions, please contact Tom Williamson, Acting Chief of Concessions at (303) 969-2582.

Sincerely,

Michael D. Snyder  
Director  
Intermountain Region

cc: Superintendent, Grand Canyon National Park

## **Attachment A**

### **Amendments to the Prospectus and Responses to Questions (17) Submitted by Grand Canyon River Outfitters Association**

#### **Questions:**

On behalf of its membership, the Grand Canyon River Outfitters Association submits the following questions regarding the Guided Colorado River Trips for Grand Canyon National Park prospectus now outstanding. So that our members can do the best job possible responding to this prospectus, we greatly appreciate the assistance of the NPS in clarifying these matters.

1. As the prospectus indicates, the NPS has ruled that the existing sixteen Grand Canyon river outfitters enjoy a statutory right of preferential renewal. We wish to confirm our understanding of how this right of preference works in practice. First, we understand that the existing concessioners must submit a responsive concession proposal. Second, the concession proposal that earns the highest cumulative score will be identified by NPS as the best offer. Should this not be the existing concessioner's offer, the incumbent in question will be afforded the opportunity to match, not the entire competing proposal, but only those terms under each selection factor judged by the NPS to be superior to the corresponding terms of the incumbent's proposal. If the incumbent is willing to match those terms, the existing concessioner will be awarded the contract. Is this correct?

#### **Response:**

**The National Park Service has determined that the existing 16 concessioners are preferred offerors based on Concessions Management Regulations, 36 C.F.R. Part 51, Subpart E – Right of Preference to a New Concession Contract and Subpart F – Determining a Preferred Offeror. The Regulations direct how the right of preference to a new concession contract works. For your convenience a copy of the Regulations is included in the Prospectus, Appendix B. Specifically, existing concessioners must submit responsive proposals. Please refer to 36 C.F.R. § 51.30 and 36 C.F.R. § 51.31 that follow.**

**36 C.F.R. § 51.30 What must a preferred offeror do before it may exercise a right of preference?**

**A preferred offeror must submit a responsive proposal pursuant to the terms of an applicable prospectus for a qualified concession contract if the preferred offeror wishes to exercise a right of preference.**

**36 C.F.R. § 51.31 What happens if a preferred offeror does not submit a responsive proposal?**

**If a preferred offeror fails to submit a responsive proposal, the offeror may not exercise a right of preference. The concession contract will be awarded to the offeror submitting the best responsive proposal.**

**In response to the question regarding the process if the National Park Service determines that the best responsive proposal was not submitted by a preferred offeror, please refer to 36 C.F.R. § 51.32 that follows.**

**36 C.F.R. § 51.32** What is the process if the Director determines that the best responsive proposal was not submitted by a preferred offeror?

If the Director determines that a proposal other than the responsive proposal submitted by a preferred offeror is the best proposal submitted for a qualified concession contract, then the Director must advise the preferred offeror of the better terms and conditions of the best proposal and permit the preferred offeror to amend its proposal to match them. An amended proposal must match the better terms and conditions of the best proposal as determined by the Director. If the preferred offeror duly amends its proposal within the time period allowed by the Director, and the Director determines that the amended proposal matches the better terms and conditions of the best proposal, then the Director must select the preferred offeror for award of the contract upon the amended terms and conditions, subject to other applicable requirements of this part.

2. Exhibit 1-A, "Summary of Commercial Use Under the 2006 Colorado River Management Plan" on page 5 of the "Business Opportunity" section of the prospectus indicates that maximum allowable commercial TAOT's is 37 throughout the season. Our understanding is that commercial TAOT's under the revised CRMP is 37 from April 1 through August 31, and 34 during September and October. Is this correct?

**Response:**

**Yes, you are correct. The commercial Trips At One Time (TAOT) under the revised Colorado River Management Plan (CRMP) is 37 from April 1 through August 31, and 34 during September and October.**

**Accordingly, the Prospectus is amended as follows:**

**Draft Contract, Exhibit B, Draft Operating Plan, Attachment 1, 2007 Commercial Operating Requirements, Section VIII. Trip Limitations, C. Allocation and Scheduling Limits, 2, page 23, reads:**

**"2. Trips At One Time. The total number of all Concessioners' Trips At One Time (TAOT) in the Lees Ferry to Diamond Creek section of the river may not exceed 37 on any night within the summer season."**

**Delete the above paragraph and change the paragraph to read:**

**"2. Trips At One Time. The total number of all Concessioners' Trips At One Time (TAOT) in the Lees Ferry to Diamond Creek section of the river may not exceed 37 on any night during April 1 through August 31 or 34 during September and October."**

3. Paragraph P on page 6 of "Proposal Instructions" indicates that unless expressly provided for in the Draft Contract (and we find no provision granting such an exception), no provision of visitor services may be provided by "subconcession or other third party agreements." Related language can be found in the Draft Contract on page 2, paragraph 3(d). Historically, Grand Canyon river concessioners have used third party vendors to provide transportation related elements of river trips, such as bus or air travel. Please confirm that this language will not preclude the river concessioners from contracting with third parties to provide such

transportation services to or from the river portion of the trip, including some services that occur on the river within the park units, such as that between Separation Canyon and egress points on Lake Mead currently provided by Canyon Jetboat Services, LLC under NPS permit.

**Response:**

**The National Park Service has no authority over transportation outside Grand Canyon National Park boundaries, including helicopter flights on Hualapai lands. As a result, the Draft Contract does not require or authorize those services.**

**The National Park Service recognizes that it is not practical or feasible for concessioners to provide certain transportation services (power boat and buses) to put-in points and from take-out points on the river except through third party vendors. Concessioners are responsible for the quality of these transportation services they provide to their clients. Concessioners may make reservations for these services through entities that are authorized by Grand Canyon National Park or Lake Mead National Recreational Area to provide the services.**

**Accordingly, the Prospectus is amended as follows:**

**Draft Contract, Exhibit B, Draft Operating Plan, Section V. Shuttle Vehicles and Driver Licensing, Registration, and Maintenance, page B-13, insert V.A. as follows, and renumber the remainder of the section:**

**“A. Transportation of Clients**

**Pursuant to the Contract, the Concessioner may transport clients from their meeting point to the Lee’s Ferry put-in or trailheads (for exchanges) and from take-out points at trailheads, Diamond Creek or South Cove. Only those transportation services authorized by Grand Canyon National Park or Lake Mead National Recreational Area may be utilized by the Concessioner to make these reservations for their clients.”**

4. We seek clarification of the definition of “Gross Receipts” found in paragraph 1(f) on page 1 of Addendum 1, General Provisions of the Draft Contract, and on page B-11, Section D of the Draft Operating Plan, where it states: “Gross receipts from required and/or authorized services are subject to the franchise fee. Required and/or authorized services are considered essential for on-river trips and are included in approved rates. The following are considered part of required and/or authorized services: ...transportation services to put-in and from take-out points on the river...” The next paragraph states: “Gross receipts excluded from the franchise fee include optional services not required or necessary...” and lists pre- and post-trip transportation costs as items that could be optional and therefore not subject to franchise fees. For each of the examples below, please indicate how the franchise fee would be applied.
  - a. Big Bob’s River Expeditions runs a trip from Lees Ferry to South Cove, with bus transportation offered as an option after the trip. The bus ride from South Cove to Las Vegas is listed as optional, because on occasion some participants arrange for their own transportation from this locale, such as those on driving tours who have their vehicles

shuttled from Marble Canyon to South Cove by an independent third party service they contract with directly. Bob's approved river trip rate is \$2000. When desired, the bus ride to Las Vegas is itemized on the invoice at \$40 extra. In this instance, we assume that the concessioner would pay franchise fees on the \$2000 but not on the \$40. Is this correct?

- b. Slim Jim's River Expeditions runs a trip from Lees Ferry to South Cove, with bus transportation provided to Las Vegas as a non-optional part of the trip. Jim's trip costs \$2040, and his participants who wish to have their vehicle shuttled around from Marble Canyon because they are on a driving tour pay the \$40 for the bus ride even when they do not use it. Jim's invoice shows a single all-inclusive trip price of \$2040. It is not possible to go on Jim's river trip by paying anything less than this amount. In this instance, we assume that the concessioner would pay franchise fees on the full \$2040. Is this correct?

**Response:**

**The following quote in regards to necessary transportation for river trips is a change in the policy that was defined by the National Park Service in 1996. Draft Contract, Exhibit B, Draft Operating Plan, Section D. Franchise Fee, second and third paragraphs, page B-11, reads:**

**"Gross receipts from required and/or authorized services are subject to the franchise fee. Required and/or authorized services are considered essential for on-river trips and are included in the approved rates. The following are considered part of required and/or authorized services: transportation of clients via power boat to/from locations downstream of Separation Canyon, transportation services to put-in and from take-out points on the river, helicopter in/out of Whitmore, transportation in/out of Bar 10 to Las Vegas, Hualapai fees,...**

**Gross receipts excluded from the franchise fee include optional services not required or necessary as part of the taking of a river trip by the client, services not included in rates approved by the Superintendent, and the actual net cost to the Concessioner of providing pre-trip and post-trip services to clients for their convenience, including lodging, meals, and transportation costs."**

**Franchise fees are paid on pre-trip and post-trip transportation services that concessioners provide and require clients to pay for, and are included in rates approved by the Superintendent. If transportation services are included in approved rates for a trip package the gross receipts are subject to franchise fee. Concessioners pay franchise fees on gross receipts above the actual net cost to concessioners of providing transportation services to clients through a third party.**

**Big Bob's River Expeditions offers transportation services as an option. In the example provided, Bob's National Park Service approved river trip rate is \$2000. The Concessioner would pay franchise fees on the \$2000. The Concessioner would pay franchise fee on the \$40 if the Concessioner provided the transportation service and the client paid for it. If a third party provided the transportation services and there were no gross receipts to the Concessioner above the actual net cost to provide the service to the Concessioner, the Concessioner would not pay a franchise fee. If there were gross receipts to the**

**Concessioner after pass through costs were paid by the Concessioner, the Concessioner would pay a franchise fee on the gross receipts.**

**Slim Jim's River Expeditions approved rate as a single all-inclusive trip price including transportation services is \$2040 and the Concessioner would pay franchise fees on the full \$2040.**

**Currently approved 2007 rates are for services currently provided by concessioners as submitted in their rate proposals for the 2007 season. The Offeror may, if it is selected, request that rates for transportation be approved separately. These rates will be approved based on the National Park Service's current rate approval guidelines, and included as part of future years' rate schedules.**

5. The second paragraph of Section D on page B-11 of the Draft Operating Plan reads: "Gross receipts from required and/or authorized services are subject to the franchise fee. Required and/or authorized services are considered essential for on-river trips and are included in approved rates. The following are considered part of required and/or authorized services: ...mule duffel out of Phantom Ranch, and Phantom Ranch overnight, breakfast, and lunch." The third paragraph reads: "Gross receipts excluded from the franchise fee include optional services not required or necessary....including lodging, meals and transportation costs." "Phantom Ranch overnight" is "lodging" not provided by the river outfitter and Phantom Ranch breakfasts and lunches are "meals" not provided by the outfitter. Please clarify the possible contradiction here and indicate how the franchise fee should be applied to Phantom Ranch related elements.

**Response:**

**The franchise fee will not apply to the "mule duffel out of Phantom Ranch, and Phantom Ranch overnight, breakfast, and lunch" because other concessioners provide these services and pay a franchise fee. These services are considered essential for clients to take on-river trips. The Concessioner in their Concessioner Annual Financial Report must report the pass through funds they receive to pay the mule duffel out of Phantom Ranch, and Phantom Ranch overnight, breakfast, and lunch costs and any gross receipts above the pass through funds they receive. The Concessioner pays a franchise fee on any gross receipts above the pass through funds.**

**Gross receipts excluded from the franchise fee include the actual net cost to the Concessioner of providing mule duffel out of Phantom Ranch, and Phantom Ranch overnight, breakfast, and lunch services to clients.**

**Accordingly, the Prospectus is amended as follows:**

**Draft Contract, Exhibit B, Draft Operating Plan, Section IV. Concession Operations, D. Franchise Fee, second paragraph, page B-11, reads:**

**"Gross receipts from required and/or authorized services are subject to the franchise fee. Required and/or authorized services are considered essential for on-river trips and are included in the approved rates. The following are considered part of required and/or authorized services: transportation of clients via power boat to/from locations downstream of Separation Canyon, transportation services to put-**

**in and from take-out points on the river, helicopter in/out of Whitmore, transportation in/out of Bar 10 to Las Vegas, Hualapai fees, mule duffel out of Phantom Ranch, and Phantom Ranch overnight, breakfast, and lunch.”**

**Delete “mule duffel out of Phantom Ranch, and Phantom Ranch overnight, breakfast, and lunch” and change the paragraph to read:**

**“Gross receipts from required and/or authorized services are subject to the franchise fee. Required and/or authorized services are considered essential for on-river trips and are included in the approved rates. The following are considered part of required and/or authorized services: transportation of clients via power boat to/from locations downstream of Separation Canyon, transportation services to put-in and from take-out points on the river, helicopter in/out of Whitmore, transportation in/out of Bar 10 to Las Vegas, and Hualapai fees.”**

6. Pending the answer to question #5 above, it appears that the NPS may intend to double charge franchise fees for some river concessioner pass-through costs. For example, in the case of a river passenger staying a night at Phantom Ranch, the hotel charge may be collected by the river outfitter and then passed through to the Phantom Ranch concessioner, who pays franchise fees on these receipts. If this pass-through amount is in the river concessioner’s gross receipts to which franchise fees apply, the result would be that NPS would receive double franchise fees for this one distinct service. Should the river concessioner anticipate paying franchise fees on these pass-through costs?

**Response:**

**The Concessioner is not required to pay franchise fees on these pass-through costs.**

**Please refer to the answer to question 5 above.**

7. Paragraphs 1(b) and (c) of Section B regarding rates on page B-9 of the Draft Operating Plan discuss the Consumer Price Index, All Urban Consumers (Unadjusted), Recreational Services as the specific inflation index upon which future rate increases will be based. Is this the same index that has been used for the last number of years for this purpose?

**Response:**

**Yes, this Consumer Price Index has been used by the National Park Service since 1999.**

8. Under “Revenue Assumption Description Example” on the Income Statement Assumptions form, it states: “Revenue inflation is expected [to] increase at the same rate as the Consumer Price Index which is predicted to grow at a rate of 2.7% annually, based upon historical growth as reported by the Bureau of Labor Statistics. No real growth is expected to occur, keeping in line with historical revenues at the concession. Therefore, overall revenue growth is forecast to occur at an average annual rate of 2.7% over the life of the Draft Contract (sic).” Please clarify whether this is just a hypothetical example to demonstrate the types of assumptions that offerors might include in their financial statements, or whether, based upon this example, offerors are expected to adopt a standard revenue growth projection of 2.7%. We note that, over the previous ten years, the applicable CPI index shows an average annual

growth rate of some 3.5%. Consequently, would it be acceptable for offerors for these concession contracts to adopt a standard revenue growth projection of 3.5%?

**Response:**

**This is an example. The Income Statement Assumptions states, “\*\*\*The following example does not reflect the above opportunity and is provided for the purpose of clarification only.\*\*\*”**

**The Prospectus, Proposal Instruction, Section 10) Cautions to Offerors about Submission and Evaluation of Proposals, states:**

**“o) Offerors are responsible for undertaking appropriate due diligence with respect to this business opportunity. All of the statements made in this Prospectus regarding the nature of the business and its likely future are only opinions of the Service. Offerors may not rely on any representations of the Service in this regard.”**

**The Prospectus, Business Opportunity, Section 5.1. Concessioner Financial Projections, states:**

**“The Proposal Package of this Prospectus requires Offerors to develop financial projections based upon the required services under the Draft Contract. Offerors should exercise caution in using the historical information and Service estimates. Each Offeror must conduct its due diligence, producing its own financial projections, and relying on its own financial assumptions.”**

9. Exhibit D, Insurance Requirements lists coverage requirements based on numbers of passengers per boat (as recently clarified by NPS). Paddle boats typically carry six passengers, while oar boats typically carry four or five. Was it the Service's intention to place paddle boats into the \$2 million per occurrence/\$2 million general aggregate category? As history has demonstrated no statistical difference between oar boat and paddle boat safety, should paddle boats be placed in the \$1 million per occurrence/\$1 million per general aggregate category?

**Response:**

**The Commercial General Liability insurance requirement is based on the number of passengers, not on the type of boat (paddle boats and oar boats). As a result, paddle boats that typically carry six passengers require \$2 million per occurrence and \$2 million general aggregate.**

**Offerors should respond to the requirements of the Prospectus.**

10. Exhibit D, Insurance Requirements lists a liquor liability coverage requirement to cover “bodily injury or property damage including damages for care, loss of services, or loss of support arising out of the selling, serving or furnishing of any alcoholic beverage.” Under Arizona law, the river concessioners are prohibited from selling or furnishing alcoholic beverages to their customers. Accordingly, please clarify whether this coverage is necessary.



**Response:**

**Liquor liability coverage is not necessary and therefore, is shown in Exhibit D with no coverage limit. We concur that concessioners are not permitted to sell, serve or furnish any alcoholic beverage to clients. A not applicable "N/A" will be placed in Exhibit D for liquor liability coverage.**

11. Paragraph C (2) on page B-5 of the Draft Operation Plan indicates that concessioners must make a written request before scheduling an exchange at a location other than Phantom Ranch. Historically, many companies have met or dropped off "Phantom Ranch" exchange hikers not, strictly speaking, at Phantom Ranch, but at Pipe Creek just downstream. This shortens the hike and reduces congestion at Phantom Ranch proper. For these purposes, please confirm that the NPS will continue to consider the Pipe Creek drop-off/pick-up location to be Phantom Ranch, and that additional authorization to conduct exchanges at Pipe Creek will not be needed.

**Response:**

**Exchanges at Pipe Creek are regarded as Phantom Ranch exchanges for the purposes of the Draft Contract, Exhibit B, Draft Operating Plan.**

**Accordingly, the Prospectus is amended as follows:**

**Draft Contract, Exhibit B, Draft Operating Plan, Section III. Scope and Quality of Services, C. Escorted Hiking, page B-5, reads:**

**"2. Phantom Ranch. Clients may make hiking exchanges at Phantom Ranch. If the Concessioner desires to make an escorted hiking exchange at a location other than Phantom Ranch, it must make a written request for the exchange to the Service before the trip is booked."**

**Add "Pipe Creek" and change the paragraph to read:**

**"2. Phantom Ranch. Clients may make hiking exchanges at Phantom Ranch (including Pipe Creek). If the Concessioner desires to make an escorted hiking exchange at a location other than Phantom Ranch, it must make a written request for the exchange to the Service before the trip is booked."**

12. The requirements outlined in Section 4 on page B-6 are clearly designed to help ensure the safety of guests hiking in or out of the canyon. All would agree that this is a good thing. Despite the language indicating that hiking escorts must be a river concessioner employee, would the NPS consider allowing the concessioner to contract with an existing Grand Canyon hiking guide service that holds a valid NPS commercial use authorization (CUA), and whose guides meet all of the outlined requirements for hiking escorts? Under the terms of their CUA's, our understanding is that these NPS-approved guide services carry the requisite liability and worker's compensation insurance coverage. Using qualified third-party service providers to escort hikers would follow the long-established pattern of using qualified and properly insured vendors to move people to and from river trips at various points, including helicopter, air charter and bus services.

**Response:**

**Safety of river clients hiking in or out of the canyon is paramount. The Concessioner is responsible for their clients' safety. The National Park Service believes that clients will be best served by exchange hiking escort guides that are employees of the Concessioner since the guides would have information about the clients' condition to make the hike and would be directly responsible to the Concessioner. Therefore, the National Park Service wants the river Concessioner to have direct responsibility for and contact with their exchange hiking escort guides.**

**The river Concessioner may hire an exchange hiking escort guide, much as they hire a river guide, to provide hiking escort service. The Concessioner may work with an existing hiking company to locate and recruit such guides. A single guide may work for several different companies on different occasions.**

13. Paragraph (E)(1)(b) on page B-7 of the Draft Operating Plan reads in part, "The concessioner must request all relevant health information from all clients, including medical history, any medications the client is taking, and the reason for taking the medications." Paragraph (I) on page B-16 of the Draft Operation Plan discusses a "Client suitability assessment to promote successful completion of the trip." This language and the underlying concept raise serious privacy related legal questions. Without conducting additional research, we are not sure that demanding such personal medical information from our guests would even be legal, as statutes exist that protect the confidentiality of such information. Moreover, the vagueness of the term "relevant health information" is problematic, as are the implications of river concessioners attempting to administer a quasi-medical review of their guests for the ability to obtain and keep liability insurance coverage. There may also be issues here related to the Americans with Disabilities Act. While the concessioners have always done their best to assist clients in making wise decisions about the activities they are considering, there are significant implications that flow from crossing the line between offering advice and making medical judgments related to a person's fitness for a river trip. In light of the very serious questions and concerns surrounding this issue, we respectfully suggest that the Service reconsider the "client suitability" requirements outlined in the prospectus. In the event that, upon further review, the Service decides to retain these or similar requirements, please clarify whether it the Service's intention to require that its river concessioners function as certifiers of their guests' medical or physical fitness to participate in a Grand Canyon river trip. If this is the intent, please describe the standards on which such decisions are to be based.

**Response:**

**The National Park Service views the purpose of requiring the Concessioner to ask clients for medical information is to obtain basic medical information in case of medical emergencies or accidents in which clients are not able to communicate relevant medical information to National Park Service personnel. The purpose of asking for this information is not for the Concessioner to be a physician certifying clients' fitness, but for the Concessioner to (1) be aware of potential health problems that might affect clients' experience on the river and (2) to advise clients wisely about their fitness for the trip, particularly for Phantom Ranch exchanges.**

**The Draft Operating Plan requires the Concessioner to request relevant health information from all clients, including medical history. If clients decline to provide the information the**

Concessioner will not be penalized. Clients must document their decline, in writing, if they choose not to provide the information.

In the Draft Contract, Exhibit B, Draft Operating Plan, Section VII. Concessioner Risk Management Program, I. Client suitability assessment to promote successful completion of the trip, the Concessioner will address the suitability of clients to successfully complete the trip.

Accordingly, the Prospectus is amended as follows:

Draft Contract, Exhibit B, Draft Operating Plan, Section III. Scope and Quality of Services, E. Reservations, Deposits, and Refunds, 1. Taking Reservations, page B-7, reads:

**“b. Required Information to Obtain from Clients.** Medical information: The Concessioner must request all relevant health information from all clients, including medical history, any medications the client is taking, and the reason for taking the medications.”

Delete the above paragraph and change the paragraph to read:

**“b. Required Information to Obtain from Clients.** Medical information: The Concessioner must request relevant health information from all clients, such information may include preexisting conditions, any medications the client is taking, and the reason for taking the medications. Clients must document their decline, in writing, if they choose not to provide the information.”

14. Section IV (B) beginning on page B-9 of the Draft Operating Plan indicates that the already approved 2007 rates are the initial approved rates and outlines the rate approval process. We assume, therefore, that NPS would find a concession proposal based on rates higher than the approved rates to be non-responsive, even though the prospectus establishes new operating parameters that will increase operating costs, significantly in some cases. Is this correct?

**Response:**

The Offerors' proposals and financial statements must be based on the Approved Types of Trips and Rate Schedules listed in Appendix G of the Prospectus. A proposal based on higher rates than those currently approved (with projected increases) may be regarded as non-responsive.

The National Park Service performed a financial analysis that showed that at existing rates, and under the new operating requirements, concessioners will have a reasonable opportunity for net profit in relation to capital invested and the obligations of the Draft Contract.

15. As has historically been the case with the Commercial Operating Requirements, will NPS retain discretion, and is it the Service's intent, to periodically review and adjust as warranted the Operating Plan, working with its river concessioners to do so?

**Response:**

**The National Park Service will continue to work with concessioners and use its discretion to revise the Operating Plan and Commercial Operating Requirements.**

**The Draft Contract, Exhibit B, Draft Operating Plan, Section I. Introduction, page B-2, reads:**

**“This plan will be reviewed annually by the Park Superintendent in consultation with other Area Superintendents and the Concessioner, and revised as determined necessary by the Park Superintendent. Any revisions must be consistent with the main body of this Contract. Any revisions must be reasonable and in furtherance of the purposes of the Contract.**

**Under the Colorado River Management Plan, the Service will monitor river use and its effects on the resources and values of the Area. In order to establish more fully Service requirements for the conduct of guided Colorado River trips, the Service reserves the right to establish and revise, as circumstances warrant, this Operating Plan and/or the Commercial Operating Requirements (see Attachment 1, “Commercial Operating Requirements”).**

**The Colorado River Management Plan is subject to revisions from time-to-time by the Service. Such revisions will become effective in this Contract when made.”**

16. In order to properly print large Microsoft Excel spreadsheets that run over standard 8 ½” x 11” paper, would it be acceptable to include in a concession proposal large fold-out versions, with electronic copies also submitted? Also, is it appropriate to add subcategories to the financial spreadsheets provided to assist with clarity?

**Response:**

**It is acceptable to include with concession proposals large fold-out versions of Microsoft Excel spreadsheets.**

**Please follow the guidelines provided in the Proposal Package, Principal Selection Factor 4, Subfactor 4(b), page 14, that reads:**

**“Additional general notes regarding the provided forms in the attached Appendix:**

- You may expand on the information requested on the form, but do not provide less, do not reduce the captions (line-items) called for, and do not change the order of items.**
- Do not add or eliminate rows on the Excel spreadsheets provided in the Appendix. Columns should not be deleted; however, columns may be added to adjust the number of years to the Draft Contract term, if necessary. If you wish to provide additional information, do so in additional spreadsheets, outside of the ones provided. If additional information is provided, clearly identify how it fits into the income statement, cash flow, and/or assumption tables.” (Emphasis added to address your question.)**

17. Regarding paragraph 5 on page 3 of the "Offeror's Transmittal Letter," if the Offeror and the Concessioner are the same entity, would the NPS prefer that this paragraph be deleted or left in the transmittal letter and struck through?

**Response:**

**In this case, please leave paragraph 5 in the Offeror's Transmittal Letter and strike it through.**

## **Attachment B**

### **Response to Question Submitted by Canyoneers, Inc. regarding Principal Selection Factor 1 and Secondary Selection Factor 1**

#### **Question:**

Can you clarify whether things such as Hazard Communications Plans, Spills Response Plans, Green Procurement Policy, Recycling Policy, Loss Control Policy goes under Principal Selection Factor 1 or under Secondary Selection Factor 1.

#### **Response:**

**Environmental management programs and activities that promote general environmental objectives such as Hazard Communications Plans, Spills Response Plans, Green Procurement Policy, Recycling Policy, Loss Control Policy are addressed in Secondary Selection Factor 1. More specifically, Loss Control Policy related to the environmental management programs and activities are addressed in Secondary Selection Factor 1. Loss Control Policy related to client and employee safety is addressed in Principal Selection Factor 2, Subfactor 2(c). Client and Employee Safety.**

## **Attachment C**

### **Response to Question Submitted by Arizona River Runners, Inc. regarding Financial Statements**

#### **Question:**

We are asking for a clarification under Principal Selection Factor 4 - Subfactor 4(a). Number 2. "Audited financial statements for the two most recent fiscal years, with all notes to the financial statements. Financial statements should be provided for the Offeror and all parent companies."

We are asking for clarification on whether or not you are requiring "Audited" financials for a parent corporation. We have a parent corporation that is not directly involved in the day-to-day river operation but is a stock ownership holding corporation. This ownership is known to the National Park Service and information is included in Arizona River Runners, Inc. tax return and annual financial report to the National Park Service. The parent corporation has never had an audited return. We are planning to disclose all financials, all details, but it would be very difficult and time consuming to be required to have an audited financial statement for the parent corporation.

#### **Response:**

**For concession contracts with annual gross receipts over \$1 million the financial statements provided by the legal entities/offerors are required to be audited. The parent companies' financial statements do not need to be audited. The National Park Service will consider financial statements of legal entities'/offerors' parent companies that are not audited.**

## **Attachment D**

### **Response to Question Submitted by O.A.R.S. Grand Canyon, Inc. regarding Franchise Fees**

#### **Question:**

Prospectus, Exhibit B, Draft Operating Plan, Page B-11, Section D. Franchise Fee, second paragraph, reads:

“Gross receipts from required and/or authorized services are subject to the franchise fee. Required and/or authorized services are considered essential for on-river trips and are included in the approved rates. The following are considered part of required and/or authorized services: ...transportation services to put-in and from take-out points on the river...”

The third paragraph reads:

“Gross receipts excluded from the franchise fee include optional services not required or necessary...including lodging, meals, and transportation costs.”

We believe that the first paragraph quoted above represents a departure from the policy that was defined for us by the National Park Service in 1996 whereby transportation services to Lees Ferry and transportation services from Diamond Creek or Lake Mead were considered Optional Services. Consequently, these services have not been included in our approved rates. It has been our understanding that the second quoted paragraph states the historic position of the Service, on which we have relied.

Accordingly, we would appreciate if the National Park Service could clarify for us their intent. May we continue to list the transportation services to Lees Ferry and from Diamond Creek or Lake Mead as optional services? In addition, as the current concessioner, we have previously submitted proposed 2007 river trip prices, which have been approved. If the Service intends to require that formerly optional transportation costs be subject to franchise fees for 2007 forward, we believe it would be appropriate to allow us to amend our approved 2007 river trip prices. Will the Service allow that amendment?

#### **Response:**

**Please see response to question 4 in Attachment A.**



## **Attachment E**

### **Response to Question Submitted by O.A.R.S. Grand Canyon, Inc. regarding Principal Selection Factor 3, Average Annual Number of Transactions**

#### **Question:**

The prospectus Proposal Package under Principal Selection Factor 3, Subfactor 3 (b) asks us to provide the “Average annual number of transactions” we have had in three different river trip operations we have conducted within the last 10 years. It would help us if you could clarify: Does this mean the total number of separate reservations taken in each of these operations per year? Or, the total number of passengers served? Or, the total number of financial transactions involved for the reservations for each area? Or, if this question is really asking for some other information, please let us know more specifically what is being requested.

#### **Response:**

**Provide the average annual number of passengers the Offeror served.**

## **Attachment F**

### **Response to Question Submitted by Moki Mac River Expeditions, Inc. regarding Business Organization Forms**

#### **Question:**

My question is in regard to Principal Selection Factor 3, page 8 of the Proposal Package.

Following Selection Factor 3, there appears two forms on pages 11 and 12. Do these forms pertain strictly to the "Offeror" – and not to any other subordinate entity that is owned by the "Offeror" and that would play a role in the proposed services by the Offeror – such as leasing facilities to the Offeror? For purposes of this question, I would add that the subordinate entity and it's relationship with the Offeror would be identified and described elsewhere in appropriate sections of the proposal.

#### **Response:**

**Following Principal Selection Factor 3, the form on page 11, "Business Organization, Partnership or Sole Proprietor" and the form on page 12, "Business Organization, Corporation/LLC" pertain to the Offeror and to subordinate entities.**

**Principal Selection Factor 3, on page 3, states:**

**"Using the Business Organization form provided at the end of Principal Selection Factor 3, identify the Offeror and each business organization, operator, and any parties involved in the management of the proposed concession operation. Use the form appropriate for your organization (Partnership or Sole Proprietorship form or Corporation/LLC form) and include all information necessary to make the relationships among parties clear. When completed, the Business Organization should convey the following information:**

**4. Identify all related, subordinate, or superior business organizations and any other organizations, contractors, or subcontractors that will have a significant role in managing, directing, operating, or otherwise carrying out the services to be provided by the Offeror. Describe in detail how these relationships will work formally and in practice."**

## **Attachment G**

### **Response to Question Submitted by Canyoneers, Inc. regarding Proforma Income Statement, Franchise Fee Calculation**

#### **Question:**

There appears to be a glitch in the Pro Forma computation sequence, which occurs because the Pro Forma calls for the Franchise Fee to be, in effect, subtracted twice in arriving at a projected Net Income.

Conversely, if we begin by putting the true figure...on the Pro Forma and working back up the column, the figures work -- IF Franchise Fee is not included in the line item provided for it in the Fixed Expenses classification. Since the Pro Forma prescribes determining EBITDA by subtracting Franchise Fees from EBITDA FF, not subtracting it along with other Fixed Expenses seems to make sense. However the instructions make it pretty clear that leaving a line item blank could be deemed a failure to follow the exact format of the template. On the other hand, if we generate a Pro Forma by entering Franchise Fees twice, we won't be showing a true Net Income for each of the next ten years, we'll be showing an understated one, and sometimes perhaps a Net Loss when there really wouldn't be one.

Guidance, please?

#### **Response:**

**Yes, you are correct. The "Income Statement Form" provided in the Proposal Package on pages 5 and 6 of the "Proposal Package Forms" requires a correction. Please strike the line item entitled "Franchise Fees," listed under the "Fixed Expenses" category, from the Income Statement Form. Do not factor this line item into any of your calculations. Please only account for projected franchise fees under the line item "Franchise Fee," located between the "EBITDA FF" and "EBITDA" line items on the "Income Statement Form."**

**Accordingly, please amend the Prospectus as follows:**

**Strike the line item entitled "Franchise Fees," listed under the "Fixed Expenses" category, from the Income Statement Form.**